

112TH CONGRESS
2D SESSION

H. R. 5740

AN ACT

To extend the National Flood Insurance Program, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “National Flood Insur-
3 ance Program Extension Act”.

4 **SEC. 2. EXTENSION OF PROGRAM.**

5 (a) IN GENERAL.—Section 1319 of the National
6 Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended
7 by striking “the earlier of the date of the enactment into
8 law of an Act that specifically amends the date specified
9 in this section or May 31, 2012” and inserting “June 30,
10 2012”.

11 (b) FINANCING.—Section 1309(a) of the National
12 Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is
13 amended by striking “the earlier of the date of the enact-
14 ment into law of an Act that specifically amends the date
15 specified in this section or May 31, 2012” and inserting
16 “June 30, 2012”.

17 **SEC. 3. USE OF PRIVATE INSURANCE TO SATISFY MANDA-**
18 **TORY PURCHASE REQUIREMENT.**

19 Section 102(b) of the Flood Disaster Protection Act
20 of 1973 (42 U.S.C. 4012a(b)) is amended—

21 (1) in paragraph (1)—

22 (A) by striking “lending institutions not to
23 make” and inserting “lending institutions—

24 “(A) not to make”;

1 (B) in subparagraph (A), as designated by
2 subparagraph (A) of this paragraph, by striking
3 “less.” and inserting “less; and”; and

4 (C) by adding at the end the following new
5 subparagraph:

6 “(B) to accept private flood insurance as
7 satisfaction of the flood insurance coverage re-
8 quirement under subparagraph (A) if the cov-
9 erage provided by such private flood insurance
10 meets the requirements for coverage under such
11 subparagraph.”;

12 (2) in paragraph (2), by inserting after “pro-
13 vided in paragraph (1).” the following new sentence:
14 “Each Federal agency lender shall accept private
15 flood insurance as satisfaction of the flood insurance
16 coverage requirement under the preceding sentence
17 if the flood insurance coverage provided by such pri-
18 vate flood insurance meets the requirements for cov-
19 erage under such sentence.”;

20 (3) in paragraph (3), in the matter following
21 subparagraph (B), by adding at the end the fol-
22 lowing new sentence: “The Federal National Mort-
23 gage Association and the Federal Home Loan Mort-
24 gage Corporation shall accept private flood insurance
25 as satisfaction of the flood insurance coverage re-

1 requirement under the preceding sentence if the flood
2 insurance coverage provided by such private flood in-
3 surance meets the requirements for coverage under
4 such sentence.”; and

5 (4) by adding at the end the following new
6 paragraph:

7 “(5) PRIVATE FLOOD INSURANCE DEFINED.—
8 In this subsection, the term ‘private flood insurance’
9 means a contract for flood insurance coverage al-
10 lowed for sale under the laws of any State.”.

11 **SEC. 4. PRIVATIZATION INITIATIVES.**

12 (a) FEMA AND GAO REPORTS.—Not later than the
13 expiration of the 18-month period beginning on the date
14 of the enactment of this Act, the Administrator of the
15 Federal Emergency Management Agency and the Comp-
16 troller General of the United States shall each conduct a
17 separate study to assess a broad range of options, meth-
18 ods, and strategies for privatizing the national flood insur-
19 ance program and shall each submit a report to the Com-
20 mittee on Financial Services of the House of Representa-
21 tives and the Committee on Banking, Housing, and Urban
22 Affairs of the Senate with recommendations for the best
23 manner to accomplish such privatization.

24 (b) PRIVATE RISK-MANAGEMENT INITIATIVES.—

1 (1) AUTHORITY.—The Administrator of the
2 Federal Emergency Management Agency may carry
3 out such private risk-management initiatives under
4 the national flood insurance program as the Admin-
5 istrator considers appropriate to determine the ca-
6 pacity of private insurers, reinsurers, and financial
7 markets to assist communities, on a voluntary basis
8 only, in managing the full range of financial risks
9 associated with flooding.

10 (2) ASSESSMENT.—Not later than the expira-
11 tion of the 12-month period beginning on the date
12 of the enactment of this Act, the Administrator shall
13 assess the capacity of the private reinsurance, cap-
14 ital, and financial markets by seeking proposals to
15 assume a portion of the program’s insurance risk
16 and submit to the Congress a report describing the
17 response to such request for proposals and the re-
18 sults of such assessment.

19 (3) PROTOCOL FOR RELEASE OF DATA.—The
20 Administrator shall develop a protocol to provide for
21 the release of data sufficient to conduct the assess-
22 ment required under paragraph (2).

23 (c) REINSURANCE.—The National Flood Insurance
24 Act of 1968 is amended—

1 (1) in section 1331(a)(2) (42 U.S.C.
2 4051(a)(2)), by inserting “, including as reinsurance
3 of insurance coverage provided by the flood insur-
4 ance program” before “, on such terms”;

5 (2) in section 1332(c)(2) (42 U.S.C.
6 4052(c)(2)), by inserting “or reinsurance” after
7 “flood insurance coverage”;

8 (3) in section 1335(a) (42 U.S.C. 4055(a))—

9 (A) by inserting “(1)” after “(a)”; and

10 (B) by adding at the end the following new
11 paragraph:

12 “(2) The Director is authorized to secure reinsurance
13 coverage of coverage provided by the flood insurance pro-
14 gram from private market insurance, reinsurance, and
15 capital market sources at rates and on terms determined
16 by the Director to be reasonable and appropriate in an
17 amount sufficient to maintain the ability of the program
18 to pay claims and that minimizes the likelihood that the
19 program will utilize the borrowing authority provided
20 under section 1309.”;

21 (4) in section 1346(a) (12 U.S.C. 4082(a))—

22 (A) in the matter preceding paragraph (1),
23 by inserting “, or for purposes of securing rein-
24 surance of insurance coverage provided by the
25 program,” before “of any or all of”;

1 (B) in paragraph (1)—

2 (i) by striking “estimating” and in-
3 serting “Estimating”; and

4 (ii) by striking the semicolon at the
5 end and inserting a period;

6 (C) in paragraph (2)—

7 (i) by striking “receiving” and insert-
8 ing “Receiving”; and

9 (ii) by striking the semicolon at the
10 end and inserting a period;

11 (D) in paragraph (3)—

12 (i) by striking “making” and inserting
13 “Making”; and

14 (ii) by striking “; and” and inserting
15 a period;

16 (E) in paragraph (4)—

17 (i) by striking “otherwise” and insert-
18 ing “Otherwise”; and

19 (ii) by redesignating such paragraph
20 as paragraph (5); and

21 (F) by inserting after paragraph (3) the
22 following new paragraph:

23 “(4) Placing reinsurance coverage on insurance
24 provided by such program.”; and

(5) in section 1370(a)(3) (42 U.S.C. 4121(a)(3)), by inserting before the semicolon at the end the following: “, is subject to the reporting requirements of the Securities Exchange Act of 1934, pursuant to section 13(a) or 15(d) of such Act (15 U.S.C. 78m(a), 78o(d)), or is authorized by the Director to assume reinsurance on risks insured by the flood insurance program”.

(d) ASSESSMENT OF CLAIMS-PAYING ABILITY.—

(1) ASSESSMENT.—Not later than September 30 of each year, the Administrator of the Federal Emergency Management Agency shall conduct an assessment of the claims-paying ability of the national flood insurance program, including the program’s utilization of private sector reinsurance and reinsurance equivalents, with and without reliance on borrowing authority under section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016). In conducting the assessment, the Administrator shall take into consideration regional concentrations of coverage written by the program, peak flood zones, and relevant mitigation measures.

(2) REPORT.—The Administrator shall submit a report to the Congress of the results of each such assessment, and make such report available to the

1 public, not later than 30 days after completion of
2 the assessment.

3 **SEC. 5. STUDIES OF VOLUNTARY COMMUNITY-BASED**
4 **FLOOD INSURANCE OPTIONS.**

5 (a) STUDIES.—The Administrator of the Federal
6 Emergency Management Agency and the Comptroller
7 General of the United States shall each conduct a separate
8 study to assess options, methods, and strategies for offer-
9 ing voluntary community-based flood insurance policy op-
10 tions and incorporating such options into the national
11 flood insurance program. Such studies shall take into con-
12 sideration and analyze how the policy options would affect
13 communities having varying economic bases, geographic
14 locations, flood hazard characteristics or classifications,
15 and flood management approaches.

16 (b) REPORTS.—Not later than the expiration of the
17 18-month period beginning on the date of the enactment
18 of this Act, the Administrator of the Federal Emergency
19 Management Agency and the Comptroller General of the
20 United States shall each submit a report to the Committee
21 on Financial Services of the House of Representatives and
22 the Committee on Banking, Housing, and Urban Affairs
23 of the Senate on the results and conclusions of the study
24 such agency conducted under subsection (a), and each
25 such report shall include recommendations for the best

1 manner to incorporate voluntary community-based flood
2 insurance options into the national flood insurance pro-
3 gram and for a strategy to implement such options that
4 would encourage communities to undertake flood mitiga-
5 tion activities.

Passed the House of Representatives May 17, 2012.

Attest:

Clerk.

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